

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

ERIC FISHON, ALICIA PEARLMAN, and  
PATRICK YANG, individually and on behalf of  
all others similarly situated,

Plaintiffs,

-v-

PELOTON INTERACTIVE, INC.,

Defendant.

1:19-cv-11711 (LJL)

**NOTICE OF SUPPLEMENTAL  
AUTHORITY**

Plaintiffs, individually and on behalf of the other members of the proposed Class, respectfully submit this Notice of Supplemental Authority to bring to the Court’s attention the June 26, 2020 unpublished decision of the United States Court of Appeals for the Second Circuit in *Kurtz v. Costco Wholesale Corp.*, No. 17-1856, Summary Order (2d Cir. June 26, 2020), which, among other things, affirmed the district court’s certification of a damages class under Rule 23(b)(3) after finding that the district court did not abuse its discretion in concluding that class issues predominate (attached hereto as Exhibit A).

*Kurtz* is pertinent to the issue of whether Peloton is entitled to the absent class member discovery that it requested in its recently-filed Letter Motion (Dkt. No. 47), which Plaintiffs opposed (Dkt. No. 48). Specifically, in *Kurtz*, the Second Circuit affirmed the district court’s certification of a Rule 23(b)(3) class in a false advertising/deceptive trade practices case brought pursuant New York’s General Business Law Sections 349 and 350 (relating to the defendants’ allegedly “flushable” wipes representation and class members’ overpayment for the product as a result of that allegedly false representation). *Kurtz*’s significance to this case—and the present discovery dispute—is that it is the most recent exemplar of a court affirming the certification of

GBL 349/350 claims (after sustaining them in the dismissal motion context) without finding the need for or benefit of absent class member discovery to establish or counter the presumption of reliance in GBL 349/350 claims. In other words, it confirms Plaintiffs' point in their opposition letter (Dkt. No. 48) about reliance not being an element of Plaintiffs' claims, and there is no plausible need to depose absent class members here.

For this reason, as well as for those that Plaintiffs previously set forth in their opposition letter (Dkt. No. 48), Peloton's request for absent class member discovery should be denied.

Dated: June 29, 2020

Respectfully submitted,

/s/ Greg G. Gutzler

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**CERTIFICATE OF SERVICE**

I, Greg G. Gutzler, caused the preceding document to be served on all appropriate parties on June 29, 2020, via CM/ECF to the addresses listed here:

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/s/ Greg G. Gutzler

## EXHIBIT A

17-1856(L)-cv  
*Kurtz v. Costco Wholesale Corp.*

**UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT**

**SUMMARY ORDER**

**RULINGS BY SUMMARY ORDER DO NOT HAVE PRECEDENTIAL EFFECT. CITATION TO A SUMMARY ORDER FILED ON OR AFTER JANUARY 1, 2007, IS PERMITTED AND IS GOVERNED BY FEDERAL RULE OF APPELLATE PROCEDURE 32.1 AND THIS COURT'S LOCAL RULE 32.1.1. WHEN CITING A SUMMARY ORDER IN A DOCUMENT FILED WITH THIS COURT, A PARTY MUST CITE EITHER THE FEDERAL APPENDIX OR AN ELECTRONIC DATABASE (WITH THE NOTATION "SUMMARY ORDER"). A PARTY CITING TO A SUMMARY ORDER MUST SERVE A COPY OF IT ON ANY PARTY NOT REPRESENTED BY COUNSEL.**

1 At a stated term of the United States Court of Appeals for the Second Circuit, held at the  
2 Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the  
3 26<sup>th</sup> day of June, two thousand twenty.  
4

5 Present:

6 GUIDO CALABRESI,  
7 DEBRA ANN LIVINGSTON,  
8 RAYMOND J. LOHIER, JR.,  
9 *Circuit Judges.*

10 \_\_\_\_\_  
11  
12 D. JOSEPH KURTZ, individually and on behalf of  
13 all others similarly situated,  
14

15 *Plaintiff-Appellee,*

16 v.

17 17-1856-cv  
18 17-1858-cv  
19

20 COSTCO WHOLESALE CORPORATION, KIMBERLY-  
21 CLARK CORPORATION,  
22

23 *Defendants-Appellants.*  
24 \_\_\_\_\_  
25  
26

27 For Plaintiff-Appellee:

28 DOUGLAS WILENS, Robbins Geller Rudman & Dowd  
29 LLP, Boca Raton, FL (Samuel H. Rudman, Mark S.  
30 Reich, and Vincent M. Serra, Robbins Geller Rudman  
31 & Dowd LLP, Melville, NY, *on the briefs*) for D.  
32 Joseph Kurtz

For Defendants-Appellants:

BRIAN R. MATSUI, Morrison & Foerster LLP, Washington, DC (Bryan J. Leitch, James M. Bergin, and Kayvan Betteridge Sadeghi, Morrison & Foerster LLP, Washington, DC; Adam J. Hunt and Lena H. Hughes, Morrison & Foerster LLP, New York, NY, *on the briefs*) for Costco Wholesale Corporation

EAMON P. JOYCE, Sidley Austin LLP, New York, NY, (Kwaku A. Akowuah, Sidley Austin LLP, New York, NY; Kara L. McCall and Daniel A. Spira, Sidley Austin LLP, Chicago, IL, *on the briefs*) for Kimberly-Clark Corporation

Appeal from a judgment of the United States District Court for the Eastern District of New York (Weinstein, J.).

**UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that the judgment of the district court is **AFFIRMED IN PART, REVERSED IN PART, AND REMANDED**.

D. Joseph Kurtz (“Plaintiff”), on behalf of himself and all others similarly situated, filed suit against Costco Wholesale Corporation (“Costco”) and Kimberly-Clark Corporation (“Kimberly-Clark,” and, with Costco, “Defendants”) alleging that the two companies falsely represented that their wipes were “flushable” and that purchasers of these supposedly “flushable” wipes had paid a price premium attributable to that misrepresentation. On March 27, 2017, the district court certified damages and injunctive relief classes pursuant to Federal Rule of Civil Procedure 23 (“Rule 23”).<sup>1</sup> *See Kurtz v. Kimberly-Clark Corp.*, 321 F.R.D. 482 (E.D.N.Y. 2017) (“*Kurtz I*”). The parties appealed. On the record then before us, we could not “decide whether the Defendants’ predominance argument ha[d] merit, and therefore we conclude[d] that further

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<sup>1</sup> The district court also certified a class in a companion suit that was also appealed and consolidated with this case. *See Belfiore v. Procter & Gamble Co.*, No. 17-1861. While these appeals were pending, the parties in *Belfiore* filed a stipulation of dismissal pursuant to Federal Rule of Appellate Procedure 42. We so ordered the stipulation on March 12, 2020.

1 development of the record [was] appropriate.” *Kurtz v. Costco Wholesale Corp.*, 768 F. App’x  
2 39, 40 (2d Cir. 2019) (“*Kurtz II*”). We stayed further consideration of the injunctive relief classes  
3 and remanded to the district court. *Id.* at 41.

4 On remand, the district court received additional evidence, including supplemental expert  
5 reports, and conducted a hearing. On October 25, 2019, the court issued a second decision. *See*  
6 *Kurtz v. Kimberly-Clark Corp.*, 414 F. Supp. 3d 317 (E.D.N.Y. 2019) (“*Kurtz III*”). The court  
7 concluded that the testimony of Colin Weir, Plaintiff’s expert, and Dr. Keith Ugone, Kimberly-  
8 Clark’s expert, was admissible. *Id.* at 330–32. The court also reaffirmed its prior certification  
9 decision, determining that Plaintiff had demonstrated that he could prove injury and causation with  
10 common evidence, thereby satisfying Rule 23(b)(3)’s predominance requirement. *Id.* at 332–36.  
11 Defendants appealed again.<sup>2</sup> We assume the parties’ familiarity with the underlying facts, the  
12 procedural history of the case, and the issues on appeal.

13 “We review the district court’s decision to certify a class for abuse of discretion.” *UFCW*  
14 *Local 1776 v. Eli Lilly & Co.*, 620 F.3d 121, 130 (2d Cir. 2010). “To the extent that the court’s  
15 decision was based on conclusions of law, we review such conclusions *de novo*, and to the extent  
16 that its decision was based on findings of fact, we review such findings for clear error.” *Sergeants*  
17 *Benevolent Ass’n Health & Welfare Fund v. Sanofi-Aventis U.S. LLP*, 806 F.3d 71, 86 (2d Cir.  
18 2015).

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<sup>2</sup> On November 12, 2019, we ordered the parties to file supplemental briefing. Defendants filed reply briefs not expressly authorized by our order and Plaintiff moved to strike those briefs. The motion to strike is **GRANTED**.

1       **I. Prerequisites of Rule 23(a)**

2           To proceed with a class action, a plaintiff must satisfy four prerequisites under Rule 23:  
 3    numerosity, commonality, typicality, and adequacy. Fed. R. Civ. P. 23(a). The party seeking  
 4    class certification bears the burden of demonstrating compliance with Rule 23's prerequisites by a  
 5    preponderance of the evidence. See *In re Vivendi, S.A. Sec. Litig.*, 838 F.3d 223, 264 (2d Cir.  
 6    2016). Kimberly-Clark contends that Kurtz has not demonstrated that he is both an adequate and  
 7    typical representative for the class. We disagree.

8           Kimberly-Clark first contends that Kurtz has sacrificed potentially higher-value plumbing  
 9    damages claims in order to advance lower-value, but more easily certifiable, claims based on a  
 10   price premium theory, which amounts to a conflict of interest between himself and other class  
 11   members. While a conflict of interest between the named plaintiff and absent class members can  
 12   render the former an inadequate representative under certain circumstances, the "conflict must be  
 13   'fundamental' to violate Rule 23(a)(4)." *In re Literary Works in Elec. Databases Copyright*  
 14   *Litig.*, 654 F.3d 242, 249 (2d Cir. 2011). As the district court explained, the plumbing damages  
 15   other class members might have suffered are not significantly higher than the statutory damages  
 16   of \$50 per purchase provided for under New York's General Business Law § 349. See *Kurtz I*,  
 17   321 F.R.D. at 537. Because the cost of litigating such plumbing damages claims likely would  
 18   have outweighed any recovery, the district court concluded that the strategic decision to forgo  
 19   plumbing damages and pursue statutory damages did not amount to a "fundamental" conflict. *Id.*  
 20   We discern no abuse of discretion in that conclusion.

21           Kimberly-Clark further argues that Kurtz cannot be a typical class member because he  
 22   alleges that he continued to buy the wipes after he learned that they were not flushable. But  
 23   Plaintiff's theory of injury is predicated on the existence of a price premium, so the harm he



suffered occurred at the time of purchase. Accordingly, his purchasing history is largely irrelevant to typicality and does not warrant setting aside the court's certification order.

## II. Standing to Seek Injunctive Relief under Rule 23(b)(2)

We now turn to whether the district court properly certified an injunctive relief class pursuant to Rule 23(b)(2). Certification of a class under Rule 23(b)(2) is appropriate where the defendant "has acted or refused to act on grounds that apply generally to the class," thus entitling class members to "final injunctive relief." Fed. R. Civ. P. 23(b)(2). For each form of relief sought, a plaintiff "must demonstrate standing separately." *Friends of the Earth, Inc. v. Laidlaw Env'tl. Servs. (TOC), Inc.*, 528 U.S. 167, 185 (2000). In order to pursue injunctive relief, which is a prospective remedy, plaintiffs must allege an injury that is "actual and imminent, not conjectural or hypothetical." *Summers v. Earth Island Inst.*, 555 U.S. 488, 493 (2009). We review determinations regarding standing *de novo*. *Dubuisson v. Stonebridge Life Ins. Co.*, 887 F.3d 567, 573 (2d Cir. 2018).

Defendants argue that Kurtz lacks standing to seek an injunction because there is no indication that Kurtz will buy Defendants' flushable wipes products in the future and, therefore, there is no likelihood of future injury. We agree. Our decision in *Nicosia v. Amazon, Inc.*, 834 F.3d 220 (2d Cir. 2016), squarely addresses this issue. In *Nicosia*, the plaintiff asserted that he purchased a weight loss drug from Amazon containing a prohibited stimulant. *Id.* at 226. The plaintiff sought "an order enjoining Amazon from selling weight loss products containing [the stimulant] and requiring Amazon to provide remedial notices to past consumers of those products." *Id.* at 228. We concluded that the plaintiff lacked standing to pursue the injunction because "Amazon ha[d] ceased selling [the diet product] on its website, and [plaintiff] ha[d] failed to allege that he intend[ed] to use Amazon in the future to buy *any* products, let alone food or drug products

generally or weight loss products in particular.” *Id.* at 239. Similarly, here, Kurtz makes no assertion that he intends to purchase additional flushable wipes products—from Costco, Kimberly-Clark, or any other company. Absent any stated intention to buy additional flushable wipes products in the future, Kurtz has not pleaded an injury that is “actual and imminent, not conjectural or hypothetical.” *Summers*, 555 U.S. at 493; *see also Kommer v. Bayer Consumer Health*, 710 F. App’x 43, 44 (2d Cir. 2018) (“As [plaintiff] concedes, now that he knows of [d]efendants’ alleged deception and false advertising, he is no longer likely to purchase another [of defendants’ products] ever again. Accordingly, he has no standing under Article III to enjoin the defendants’ sales practices . . . .” (quotation marks, brackets, ellipsis, and citation omitted)).

### III. Predominance under Rule 23(b)(3)

Finally, we consider whether the district court properly concluded, on remand, that Plaintiff’s claims are susceptible to class-wide proof. A Rule 23(b)(3) class may be certified upon finding that common legal or factual issues predominate over individual issues and that a class action is superior to other methods of adjudication. Fed. R. Civ. P. 23(b)(3). Plaintiffs need not prove, however, that the legal or factual issues that predominate will be answered in their favor. *See Amgen Inc. v. Conn. Ret. Plans & Tr. Funds*, 568 U.S. 455, 468 (2013).

In our initial decision, “we note[d] our specific concern with the Plaintiffs’ proof that they can establish the injury and causation elements of their claims at trial with common evidence.” *Kurtz II*, 768 F. App’x at 41. On remand, the district court “held substantial post-mandate evidentiary hearings with extensive evidence and briefs.” *Kurtz III*, 414 F. Supp. 3d at 321. Significantly, Plaintiff’s expert, Colin Weir, “developed and performed hedonic regression analyses” indicating “that there is a marketwide price premium for wipes labeled as flushable.” *Id.* In other words, Weir actually ran a regression analysis that demonstrated a specific price

1 premium for both Costco and Kimberly-Clark products attributable to the “flushable”  
 2 representation, rather than merely speculating that such a regression could be run. Defendants’  
 3 own experts critiqued Plaintiff’s expert report, asserting that both the underlying theory and actual  
 4 computation were flawed. *See id.* at 328–29. Despite these objections, the district court deemed  
 5 Weir’s testimony and analysis admissible, *id.* at 330–32, and found that his regression satisfied  
 6 Plaintiff’s obligation to demonstrate predominance, *id.* at 332–35.

7 On appeal, Defendants offer a litany of purported failings in Weir’s methodology that they  
 8 contend undermine the district court’s conclusion as to predominance or render Weir’s expert  
 9 reports inadmissible.<sup>3</sup> None is persuasive. For example, Defendants contend that Weir’s model  
 10 fails to account for major variables, including attributes that consumers value most. *See*  
 11 *Bickerstaff v. Vassar Coll.*, 196 F.3d 435, 450 (1999). While some regressions may be “so  
 12 incomplete as to be inadmissible as irrelevant,” *Bazemore v. Friday*, 478 U.S. 385, 400 n.10 (1986)  
 13 (Brennan, *J.*, concurring in part and joined by all members of the Court), Weir’s model accounts  
 14 for a wide range of variables, some of which are substantial drivers of consumer purchases. We  
 15 acknowledge that Weir’s model fails to consider some arguably significant variables, but,  
 16 “[n]ormally, failure to include variables will affect the analysis’ probativeness, not its  
 17 admissibility.” *Id.* at 400.

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<sup>3</sup> The parties appear to assume that Weir’s report must be admissible under Federal Rule of Evidence 702 and *Daubert v. Merrell Dow Pharmaceuticals*, 509 U.S. 579 (1993), at the class certification stage. That is far from well-established. *See In re U.S. Foodservice Inc. Pricing Litig.*, 729 F.3d 108, 129–30 (2d Cir. 2013) (“The Supreme Court has not definitively ruled on the extent to which a district court must undertake a *Daubert* analysis at the class certification stage.”); *In re LIBOR-Based Fin. Instruments Antitrust Litig.*, 299 F. Supp. 3d 430, 470 (S.D.N.Y. 2018) (“Neither the Supreme Court nor the Second Circuit has definitely decided whether the *Daubert* standard governs the admissibility of expert evidence submitted at the class certification stage.”). Nevertheless, because we conclude that the district court did not abuse its discretion in qualifying Weir as an expert, we need not address this issue.

1 Defendants next argue that Weir’s regression does not produce a price premium if the time  
2 frame is shifted or if additional products are included in the underlying dataset. Again, as a  
3 general matter, cherry-picking data to artificially generate a particular result may render a model  
4 so unreliable that it is inadmissible. *See id.* at 400; *Bricklayers & Trowel Trades Int’l Pension*  
5 *Fund v. Credit Suisse Sec. (USA) LLC*, 752 F.3d 82, 91–97 (1st Cir. 2014). But Weir testified  
6 that changing the timeframe of his model while making appropriate adjustments to other variables  
7 still yielded a price premium, and the district court found that Weir used a sufficiently wide range  
8 of sources to render the end-result “statistically reliable.” *Kurtz III*, 414 F. Supp. 3d at 324–25.  
9 Under these circumstances, the district court did not abuse its discretion by relying on Weir’s  
10 report and testimony.

11 Defendants’ reliance on *Comcast Corp. v. Behrend*, 569 U.S. 27 (2014), is similarly  
12 unavailing. *Comcast* held that “a model purporting to serve as evidence of damages in [a] class  
13 action must measure only those damages attributable to that theory.” *Id.* at 35. Weir’s model  
14 does: it purports to measure the price premium attributable to the “flushable” label. The fact that  
15 Weir’s model may fail to account for other possible sources of a price premium simply means that  
16 his model may not ultimately prove Plaintiff’s claim. But it still serves as common evidence of  
17 plaintiffs’ theory of injury and does not run afoul of *Comcast*.

18 Ultimately, none of Defendants’ critiques demonstrates that there exists “some fatal  
19 dissimilarity among class members that would make use of the class-action device inefficient or  
20 unfair. Instead, what [Defendants] allege[] is a fatal similarity—an alleged failure of proof as to  
21 an element of the plaintiffs’ cause of action.” *Amgen*, 568 U.S. at 470 (quotation marks, brackets,  
22 and citation omitted). Defendants’ central contention is that Weir’s analysis either does not or  
23 cannot establish a price premium because of issues such as an incomplete dataset, flawed

1 parameters of the regression, or business considerations not captured by the model. A factfinder  
2 may ultimately agree. But if that is the case, then the class claims will fail as a unit. *See id.*; *cf.*  
3 *Tyson Foods, Inc. v. Bouaphakeo*, 136 S. Ct. 1036, 1046–47 (2016) (“One way for respondents to  
4 show, then, that the sample relied upon here is a permissible method of proving classwide liability  
5 is by showing that each class member could have relied on that sample to establish liability if he  
6 or she had brought an individual action.”). Accordingly, the district court did not abuse its  
7 discretion in concluding that class issues predominate.

8 \* \* \*

9 We have considered Defendants’ remaining arguments and find them to be without merit.  
10 Accordingly, we **REVERSE** the district court’s certification of the injunctive relief class under  
11 Rule 23(b)(2), **AFFIRM** the district court’s certification of the damages class under Rule 23(b)(3),  
12 and **REMAND**.

13 FOR THE COURT:  
14 Catherine O’Hagan Wolfe, Clerk